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# Western Resource Advocates

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**Financial Report**  
**December 31, 2022**

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## Independent Auditor's Report

To the Board of Directors  
Western Resource Advocates

### **Opinion**

We have audited the financial statements of Western Resource Advocates (WRA), which comprise the statement of financial position as of December 31, 2022 and 2021 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WRA as of December 31, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of WRA and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As described in Note 3 to the financial statements, WRA adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as of January 1, 2022. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WRA's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### **Auditor's Responsibilities for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors  
Western Resource Advocates

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of WRA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WRA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Plante & Moran, PLLC*

October 20, 2023

Statement of Financial Position

December 31, 2022 and 2021

	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 6,417,150	\$ 7,407,673
Restricted cash	24,676	37,608
Accounts receivable	228,633	30,085
Grants and pledges receivable	2,815,015	2,149,220
Prepaid expenses and other current assets	116,520	149,404
Total current assets	9,601,994	9,773,990
<b>Investments</b>	3,497,267	3,834,427
<b>Grants and Pledges Receivable - Net of current portion and discount to present value</b>	1,134,946	1,316,944
<b>Property and Equipment - Net</b>	114,145	72,650
<b>Leased Assets - Operating Lease Right-of-use Assets - Net</b>	235,720	-
Total assets	<u><u>\$ 14,584,072</u></u>	<u><u>\$ 14,998,011</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 65,616	\$ 85,820
Accrued and other liabilities	186,422	293,376
Current portion of lease liabilities - Operating	169,308	-
Funds held on behalf of others	24,676	37,608
Total current liabilities	446,022	416,804
<b>Lease Liabilities - Operating - Net of current portion</b>	69,759	-
Total liabilities	515,781	416,804
<b>Net Assets</b>		
Without donor restrictions	7,312,713	7,909,594
With donor restrictions	6,755,578	6,671,613
Total net assets	14,068,291	14,581,207
Total liabilities and net assets	<u><u>\$ 14,584,072</u></u>	<u><u>\$ 14,998,011</u></u>

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, (Loss) Gains, and Other Support</b>						
Contributions	\$ 2,829,713	\$ 3,315,240	\$ 6,144,953	\$ 1,665,033	\$ 3,496,973	\$ 5,162,006
In-kind contributions	50,473	-	50,473	-	-	-
Grants	810,652	2,899,631	3,710,283	960,442	4,490,499	5,450,941
Professional fees	11,256	163,527	174,783	84,463	102,460	186,923
Net investment (loss) return	(313,041)	(24,119)	(337,160)	26,319	(3,076)	23,243
Miscellaneous	36,803	74	36,877	23,156	-	23,156
Net assets released from restrictions	6,270,388	(6,270,388)	-	8,322,453	(8,322,453)	-
Total revenue, gains (loss), and other support	9,696,244	83,965	9,780,209	11,081,866	(235,597)	10,846,269
<b>Expenses</b>						
Program services:						
Clean energy	5,099,090	-	5,099,090	4,741,752	-	4,741,752
Healthy rivers	2,066,622	-	2,066,622	1,886,540	-	1,886,540
Western lands	974,408	-	974,408	814,176	-	814,176
Air and water quality	129,070	-	129,070	118,370	-	118,370
Total program services	8,269,190	-	8,269,190	7,560,838	-	7,560,838
Support services:						
General and administrative	581,444	-	581,444	455,668	-	455,668
Fundraising	1,442,491	-	1,442,491	987,684	-	987,684
Total support services	2,023,935	-	2,023,935	1,443,352	-	1,443,352
Total expenses	10,293,125	-	10,293,125	9,004,190	-	9,004,190
<b>Change in Net Assets</b>	(596,881)	83,965	(512,916)	2,077,676	(235,597)	1,842,079
<b>Net Assets - Beginning of year</b>	7,909,594	6,671,613	14,581,207	5,831,918	6,907,210	12,739,128
<b>Net Assets - End of year</b>	<b>\$ 7,312,713</b>	<b>\$ 6,755,578</b>	<b>\$ 14,068,291</b>	<b>\$ 7,909,594</b>	<b>\$ 6,671,613</b>	<b>\$ 14,581,207</b>

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services					Support Services		
	Clean Energy	Healthy Rivers	Western Lands	Air and Water Quality	Total	General and Administrative	Fundraising	Total
Personnel expenses	\$ 2,953,761	\$ 1,107,891	\$ 662,993	\$ 60,294	\$ 4,784,939	\$ 405,678	\$ 969,200	\$ 6,159,817
Communications	491,947	351,306	101,479	50,633	995,365	-	151,899	1,147,264
Consultants and professional fees	366,479	281,685	52,863	422	701,449	53,640	99,309	854,398
Grants, contributions, and sponsorships	44,284	3,315	54	7	47,660	50	-	47,710
Travel	55,532	33,881	19,536	26	108,975	8,680	27,995	145,650
Government affairs	763,555	143,134	52,842	10,176	969,707	-	-	969,707
Occupancy	140,218	50,795	30,049	2,450	223,512	43,189	38,760	305,461
Conferences and meetings	71,383	32,886	18,301	738	123,308	19,373	22,322	165,003
Supplies and technology	12,881	5,217	3,019	191	21,308	11,171	33,680	66,159
Events	-	-	-	-	-	-	34,259	34,259
Printing and publications	53,895	4,189	1,966	711	60,761	842	9,723	71,326
Telecommunications	29,955	10,235	5,861	505	46,556	9,814	9,153	65,523
Postage and delivery	677	334	97	15	1,123	468	5,229	6,820
Depreciation	21,881	7,448	5,576	621	35,526	4,268	5,697	45,491
Miscellaneous	1,067	517	276	1	1,861	7,303	5,255	14,419
Equity and culture	91,575	33,789	19,496	2,280	147,140	16,968	30,010	194,118
<b>Total functional expenses</b>	<b>\$ 5,099,090</b>	<b>\$ 2,066,622</b>	<b>\$ 974,408</b>	<b>\$ 129,070</b>	<b>\$ 8,269,190</b>	<b>\$ 581,444</b>	<b>\$ 1,442,491</b>	<b>\$ 10,293,125</b>

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services					Support Services		
	Clean Energy	Healthy Rivers	Western Lands	Air and Water Quality	Total	General and Administrative	Fundraising	Total
Personnel expenses	\$ 2,882,226	\$ 935,328	\$ 611,608	\$ 61,919	\$ 4,491,081	\$ 313,730	\$ 720,518	\$ 5,525,329
Communications	486,033	270,924	101,597	42,332	900,886	-	76,197	977,083
Consultants and professional fees	360,506	431,286	7,250	5,090	804,132	74,719	80,630	959,481
Grants, contributions, and sponsorships	50,515	52,700	500	-	103,715	500	-	104,215
Travel	10,071	12,255	12,666	-	34,992	304	3,721	39,017
Government affairs	644,605	104,414	39,685	4,858	793,562	-	-	793,562
Occupancy	136,490	39,584	18,049	2,177	196,300	36,818	31,039	264,157
Conferences and meetings	19,759	8,579	4,716	76	33,130	3,947	7,943	45,020
Supplies and technology	24,510	7,336	3,772	263	35,881	8,898	13,343	58,122
Events	-	-	-	-	-	-	13,166	13,166
Printing and publications	62,349	4,622	1,740	1,014	69,725	119	17,504	87,348
Telecommunications	25,336	9,066	5,289	290	39,981	7,084	7,563	54,628
Postage and delivery	1,149	774	126	-	2,049	599	3,132	5,780
Depreciation	21,732	3,861	3,955	-	29,548	5,684	3,331	38,563
Miscellaneous	4,190	1,280	608	45	6,123	990	5,572	12,685
Equity and culture	12,281	4,531	2,615	306	19,733	2,276	4,025	26,034
<b>Total functional expenses</b>	<b>\$ 4,741,752</b>	<b>\$ 1,886,540</b>	<b>\$ 814,176</b>	<b>\$ 118,370</b>	<b>\$ 7,560,838</b>	<b>\$ 455,668</b>	<b>\$ 987,684</b>	<b>\$ 9,004,190</b>



Statement of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (512,916)	\$ 1,842,079
Adjustments to reconcile change in net assets to net cash and restricted cash from operating activities:		
Net realized and unrealized losses (gains) on investments	373,986	(29,201)
Depreciation	45,491	38,563
Loss on disposal of property and equipment	848	-
Noncash operating lease expense	3,347	-
Changes in operating assets and liabilities that (used) provided cash and restricted cash:		
Grants and pledges receivable	(483,797)	1,067,681
Accounts receivable	(198,548)	6,919
Prepaid expenses and other assets	(45,116)	(8,946)
Accounts payable	57,796	(24,718)
Accrued and other liabilities	(106,954)	(38,226)
Funds held on behalf of others	(12,932)	5,706
	(878,795)	2,859,857
Net cash and restricted cash (used in) provided by operating activities		
	(878,795)	2,859,857
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(944,480)	(3,570,096)
Sales of investments	907,654	3,576,055
Purchase of property and equipment	(87,834)	(64,386)
	(124,660)	(58,427)
Net cash and restricted cash used in investing activities		
	(124,660)	(58,427)
<b>Net (Decrease) Increase in Cash and Restricted Cash</b>	(1,003,455)	2,801,430
<b>Cash and Restricted Cash - Beginning of year</b>	7,445,281	4,643,851
<b>Cash and Restricted Cash - End of year</b>	<b>\$ 6,441,826</b>	<b>\$ 7,445,281</b>
<b>Statement of Financial Position Classification of Cash and Restricted Cash</b>		
<b>Cash</b>		
Cash	\$ 6,417,150	\$ 7,407,673
Restricted cash	24,676	37,608
	<b>\$ 6,441,826</b>	<b>\$ 7,445,281</b>
Total cash and restricted cash		
<b>Significant Noncash Transactions - Additions of operating lease right-of-use assets</b>	\$ 151,377	\$ -

December 31, 2022 and 2021

## Note 1 - Nature of Organization

Western Resource Advocates (WRA) is a regional nonprofit advocacy organization fighting climate change and its impacts to sustain the environment, economy, and people of the West. As the region's go-to experts for more than three decades, WRA's on-the-ground work advances clean energy and protects air, land, water, and wildlife.

WRA develops, advocates for, and implements science-based policies informed by diverse communities and stakeholders to create a healthier and more equitable future for all Western communities. WRA creates transformational change by driving action at the state level to effectively address complex conservation problems in the West.

## Note 2 - Significant Accounting Policies

### ***Basis of Presentation***

The financial statements of WRA have been prepared on the basis of U.S. generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

### ***Cash Equivalents***

For the purpose of the accompanying financial statements, WRA considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. WRA did not hold any cash equivalents at December 31, 2022 and 2021. As of the statement of financial position date and throughout the year, WRA has maintained bank balances in excess of federally insured limits.

### ***Restricted Cash and Funds Held on Behalf of Others***

Restricted cash at December 31, 2022 consists of funds held on behalf of an organization under a fiscal sponsorship agreement. There was \$24,676 and \$37,608 of restricted cash held at December 31, 2022 and 2021, respectively.

### ***Accounts Receivable***

Accounts receivable are stated at net invoice amounts. Based on management's review of outstanding receivable balances and historical collection information, management's best estimate is that all balances will be collected. Accordingly, WRA has not established an allowance for doubtful accounts.

### ***Investments***

WRA reports investments in mutual funds and fixed income securities with readily determinable fair values at their fair values, with unrealized gains and losses, dividends, and interest included on the statement of activities and changes in net assets as a component of net investment (loss) return.

The board of directors of WRA has restricted the use of a portion of the investments as a board-designated endowment of \$500,739 and \$602,686 at December 31, 2022 and 2021, respectively.

### ***Property and Equipment***

Property and equipment are recorded at cost or fair value if contributed. The straight-line method is used for computing depreciation. Assets are depreciated over their estimated useful lives of three to five years. Costs of maintenance, repairs, and minor replacements are charged to operations, and costs for major replacements and betterments of \$1,000 or greater are capitalized.

December 31, 2022 and 2021

**Note 2 - Significant Accounting Policies (Continued)**

***Leases***

As described in Note 3, WRA adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, as of January 1, 2022 using a modified retrospective approach. Accordingly, WRA recognizes right-of-use assets and lease liabilities for operating leases. WRA did not have any finance leases during 2022. Lease liabilities are measured based on the net present value (NPV) of future lease payments using the discount rate described in Note 9. WRA additionally enters into short-term leases with a lease term of one year or less and elected not to include these amounts in the right-of-use assets or lease liabilities. WRA recognizes expense for operating leases and short-term leases on a straight-line basis over the lease term.

WRA elected not to separate lease and nonlease components from the associated leases. Therefore, the full amount of lease payments under the associated leases are included in the recorded right-of-use asset and lease liability.

WRA elected to use the risk-free rate as the discount rate for calculating right-of-use assets and lease liabilities in place of the incremental borrowing rate for the associated leases.

***Classification of Net Assets***

Net assets of WRA are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of WRA. Net assets designated for use by the board of directors are included in net assets without donor restrictions.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of WRA or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated that the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

***Contributions and Grants***

Unconditional promises to give cash and other assets to WRA are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the year in which the contributions are received are reported as net assets with donor restrictions in the accompanying financial statements.

Grant revenue received by WRA is considered a nonexchange transaction and is recognized as the conditions of the grants have been met. Grant funding received in advance of conditions being met is recorded as deferred revenue.

Grants and pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible.

December 31, 2022 and 2021

**Note 2 - Significant Accounting Policies (Continued)**

***Concentrations***

As of December 31, 2022, three foundations accounted for 55 percent of revenue, gains, and other support, and four foundations accounted for 84 percent of gross grants and pledges receivable. As of December 31, 2021, two foundations accounted for 30 percent of revenue, gains, and other support, and two foundations accounted for 57 percent of gross grants and pledges receivable.

***In-kind Contributions***

In-kind contributions consist of goods and services donated for use by WRA primarily for use in specific programs. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by WRA. The value of donated goods and services is determined based on the price WRA would have to purchase the donated goods at or the market rate of the service that WRA would otherwise have to purchase from an unrelated third party. WRA does not monetize in-kind contributions.

***Functional Allocation of Expenses***

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets and statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs have been allocated between the various program and support services based on a variety of factors, including time, usage of space, and program restrictions. Personnel costs are allocated based on headcount and time and effort expended in each function. Occupancy costs are allocated based on building usage. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

***Income Taxes***

WRA is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

***Reclassifications***

Interest income earned on cash balances of \$929 during the year ended December 31, 2021 has been reclassified from net investment (loss) return to miscellaneous on the statement of activities and changes in net assets to conform to the 2022 presentation. In addition, certain 2021 amounts related to investment activity on the statement of cash flows have been reclassified to conform to the 2022 presentation.

***Upcoming Accounting Pronouncement***

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including WRA's accounts receivable, by requiring WRA to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the current practice where an allowance is not recognized until the losses are considered probable. Credit losses are recognized through the recording of an allowance rather than as a write-down of the carrying value. The new guidance will be effective for WRA's year ending December 31, 2023. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of the earliest period presented. Management is still assessing the impact of the adoption of ASU No. 2016-13.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including October 20, 2023, which is the date the financial statements were available to be issued.

December 31, 2022 and 2021

**Note 3 - Adoption of New Accounting Pronouncements**

As of January 1, 2022, WRA adopted FASB ASU No. 2016-02, *Leases (Topic 842)*. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations and changes in net assets. WRA elected to adopt the ASU using the modified retrospective method as of January 1, 2022 and applied the following practical expedients:

- WRA did not reassess if expired or existing contracts are or contain a lease.
- WRA did not reassess the lease classification for expired or existing leases.
- WRA did not reassess initial direct costs for any existing leases.

As a result of the adoption of the ASU, WRA recorded operating lease right-of-use assets and lease liabilities of \$234,905 as of January 1, 2022. WRA additionally had certain leases as of January 1, 2022 that were classified as short term, and, therefore, WRA did not record any right-of-use assets or lease liabilities related to these leases. There was no impact on beginning net assets as a result of adopting ASU No. 2016-02.

As of January 1, 2022, WRA adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 provided additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets are reported by category within the financial statements, and there are additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The ASU was implemented on a retrospective basis for the year ended December 31, 2022. The ASU did not require a restatement of December 31, 2021 amounts.

**Note 4 - Liquidity and Availability of Resources**

The following reflects WRA's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2022	2021
Cash	\$ 6,417,150	\$ 7,407,673
Accounts receivable	228,633	30,085
Grants and pledges receivable	3,949,961	3,466,164
Investments	3,497,267	3,834,427
Financial assets - At year end	14,093,011	14,738,349
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions	6,520,084	6,579,947
Board-designated endowment	500,739	602,686
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,072,188</u>	<u>\$ 7,555,716</u>

WRA is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, WRA must maintain sufficient resources to meet those responsibilities to its donors.

December 31, 2022 and 2021

**Note 4 - Liquidity and Availability of Resources (Continued)**

WRA has a goal to maintain financial assets, which consist of cash, grants and pledges receivable, accounts receivable, and investments, to meet 90 days of normal operating expenses, which are, on average, approximately \$2,600,000 and \$2,100,000 at December 31, 2022 and 2021, respectively. WRA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, WRA invests cash in excess of daily requirements in certain liquid investments in line with the investment policy defined by the board of directors.

WRA's endowment funds consist of a board-designated endowment fund of \$500,739 and \$602,686 at December 31, 2022 and 2021, respectively, and a donor-restricted quasi endowment of \$289,242 and \$313,361 at December 31, 2022 and 2021, respectively. Income from the donor-restricted quasi endowment is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 12, the board-designated endowment has a spending rate of 1 percent at December 31, 2022 and 2021. A total of approximately \$29,000 of appropriations from the board-designated endowment will be available within the next 12 months. Although WRA does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary.

**Note 5 - Grants and Pledges Receivable**

Grants and pledges receivable consist of several unconditional promises to give and long-term grants, which are due over time periods ranging from one to five years. They are included as follows:

	2022	2021
Gross grants and pledges receivable	\$ 4,016,683	\$ 3,476,514
Less allowance for net present value discount	(66,722)	(10,350)
Net grants and pledges receivable	\$ 3,949,961	\$ 3,466,164
Amounts due in:		
Less than one year	\$ 2,815,015	\$ 2,149,220
One to five years	1,201,668	1,327,294
Total	\$ 4,016,683	\$ 3,476,514

The discount rates used to calculate the net present value range from 0.90 to 4.34 percent and 0.11 and 2.59 percent for the years ended December 31, 2022 and 2021, respectively, and are based on the risk-free rate at the time of the initial gift.

**Note 6 - Fair Value Measurements**

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that WRA has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

December 31, 2022 and 2021

**Note 6 - Fair Value Measurements (Continued)**

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. WRA's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about WRA's assets measured at fair value on a recurring basis at December 31, 2022 and 2021 and the valuation techniques used by WRA to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2022
Mutual funds:				
Bond mutual funds	\$ 1,695,324	\$ -	\$ -	\$ 1,695,324
Real estate funds (REITs)	6,249	-	-	6,249
Total mutual funds	1,701,573	-	-	1,701,573
Domestic equities	348,175	-	-	348,175
Fixed income:				
Corporate bonds	-	85,174	-	85,174
Municipal bonds	-	966,551	-	966,551
Agency securities	-	112,525	-	112,525
Total fixed income	-	1,164,250	-	1,164,250
Total assets	\$ 2,049,748	\$ 1,164,250	\$ -	\$ 3,213,998



December 31, 2022 and 2021

**Note 6 - Fair Value Measurements (Continued)**

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
Mutual funds:				
Bond mutual funds	\$ 1,783,888	\$ -	\$ -	\$ 1,783,888
Real estate funds (REITs)	11,473	-	-	11,473
Total mutual funds	1,795,361	-	-	1,795,361
Fixed income:				
Corporate bonds	-	185,819	-	185,819
Municipal bonds	-	1,292,666	-	1,292,666
Total fixed income	-	1,478,485	-	1,478,485
Domestic equities	454,960	-	-	454,960
Total assets	\$ 2,250,321	\$ 1,478,485	\$ -	\$ 3,728,806

Cash held within the investment portfolio and included within investments on the accompanying statement of financial position totaled \$283,269 and \$105,621 as of December 31, 2022 and 2021, respectively.

**Note 7 - Investment (Loss) Return**

Net investment (loss) return consists of the following for the years ended December 31:

	2022	2021
Interest and dividends	\$ 67,752	\$ 26,323
Net realized and unrealized (losses) gains	(373,986)	29,201
Fees	(30,926)	(32,281)
Total	\$ (337,160)	\$ 23,243

**Note 8 - Property and Equipment**

Property and equipment are summarized as follows:

	2022	2021
Furniture and fixtures	\$ 305,153	\$ 282,339
Less accumulated depreciation	191,008	209,689
Property and equipment - Net	\$ 114,145	\$ 72,650

Depreciation expense for the years ended December 31, 2022 and 2021 was \$45,491 and \$38,563, respectively.



December 31, 2022 and 2021

**Note 9 - Leases**

WRA is obligated under noncancelable operating leases primarily for facilities and office equipment through third parties, expiring at various dates through September 2024. The right-of-use assets and related lease liabilities recorded have been calculated using a weighted-average risk-free discount rate of 2.51 percent. Certain leases require WRA to pay taxes, insurance, utilities, and maintenance costs. The weighted-average remaining lease term for leases, excluding those classified as short term, was 1.52 years as of December 31, 2022. Cash paid for operating leases during the year ended December 31, 2022 was \$355,460, which includes \$205,437 of short-term lease expense. Total operating lease expense during the year ended December 31, 2022 was \$366,214, which includes \$10,754 of variable lease payments.

Total rent expense under leases during the year ended December 31, 2021, prior to the adoption of ASU No. 2016-02, was \$181,259.

Included in the operating lease expense described above is a lease for certain office space with a related party (see Note 14). The lease is classified as short-term and had rent expense of \$125,990 and \$118,301 for the years ended December 31, 2022 and 2021, respectively.

Future minimum rent on noncancelable leases as of December 31, 2022 for each of the next five years and thereafter, excluding commitments under short-term leases, are as follows:

Years Ending December 31	Amount
2023	\$ 173,772
2024	71,075
Total	244,847
Less amount representing interest	5,780
Present value of net minimum lease payments	239,067
Less current obligations	169,308
Long-term obligations under leases	\$ 69,759

**Note 10 - Paycheck Protection Program Loan**

During the year ended December 31, 2021, WRA received a Paycheck Protection Program (PPP) loan in the amount of \$971,677. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. WRA used the funds on qualifying expenses over a covered period up to 24 weeks. At the conclusion of the covered period, any balance that is not forgiven by the SBA will be repaid over a period of two years, with interest accruing at a rate of 1 percent and monthly payments of principal and interest beginning 10 months after the conclusion of the covered period.

December 31, 2022 and 2021

**Note 10 - Paycheck Protection Program Loan (Continued)**

According to U.S. GAAP, government grants, including certain forgivable government loans, are recognized as income in the period in which an entity has substantially overcome all measurable performance-related barriers necessary to be entitled to keep the grant funds. As of December 31, 2021, WRA has assessed that all requirements for forgiveness were achieved and, therefore, has recorded grant revenue of \$971,677 consistent with generally accepted accounting principles.

Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels. WRA received notification from the SBA of forgiveness of the entire loan during the year ended December 31, 2021.

**Note 11 - Net Assets**

Net assets without donor restrictions consist of the following as of December 31:

	2022	2021
Undesignated net assets	\$ 6,811,974	\$ 7,306,908
Board-designated net assets - Reserve endowment	500,739	602,686
Total net assets without donor restrictions	<u>\$ 7,312,713</u>	<u>\$ 7,909,594</u>

Net assets with donor restrictions as of December 31 are available for the following purposes:

	2022	2021
Net assets with purpose restrictions:		
Clean energy	\$ 4,331,946	\$ 3,719,505
Healthy rivers	1,100,937	1,928,250
Western lands	395,813	823,858
Total purpose-restricted net assets	5,828,696	6,471,613
Net assets with implied time restrictions	926,882	200,000
Total	<u>\$ 6,755,578</u>	<u>\$ 6,671,613</u>

Net assets with purpose restrictions as of December 31, 2022 and 2021 included \$3,023,079 and \$3,266,164, respectively, of net assets with implied time restrictions and are included within grants and pledges receivable on the accompanying statement of financial position.

During 2022 and 2021, net assets in the amount of \$6,205,773 and \$7,317,453, respectively, were released for the satisfaction of program-related restrictions by expending required funds for the donor-specified purposes. During 2022 and 2021, net assets in the amount of \$64,615 and \$1,005,000, respectively, were released due to the satisfaction of implied time restrictions related to collection of grants and pledges receivable. During 2022, \$193,441 of net assets previously classified as purpose restricted subject to implied time restrictions were transferred to net assets with implied time restrictions due to satisfaction of the underlying program restrictions. There were no such transfers during 2021.

**Note 12 - Donor-restricted and Board-designated Endowments**

WRA's endowment includes both donor-restricted quasi-endowment funds and funds designated by the board of directors to function as endowments. Quasi endowments are those purpose-restricted gifts or moneys that WRA intends to maintain in perpetuity or to be spent over a specified period of time, usually several years; however, under specific circumstances defined by the donor, the principal may be invaded fully to meet the defined purpose. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

December 31, 2022 and 2021

**Note 12 - Donor-restricted and Board-designated Endowments (Continued)**

***Board-designated Endowment***

The board has designated a portion of net assets for an endowment. On May 20, 2005, WRA established an endowment committee (the "Committee") to manage net assets without donor restrictions received from the Rudd Mayer estate. The contribution is known as the Rudd Mayer Memorial Endowment (the "Fund"). The Committee may distribute 5 percent of the Fund annually unless otherwise approved by a two-thirds vote of the board.

***Donor-restricted Quasi Endowment***

On May 16, 2012, WRA established a second reserve endowment of \$128,000 that would also be managed by the Committee. The reserve endowment was set up with purpose-restricted funds received from a donor. This reserve endowment is known as the Healthy Rivers Endowment. The Committee established an initial distribution percentage at 0 percent and shall remain at this percentage until change by a vote of two-thirds of the board.

***Interpretation of Relevant Law***

The State of Colorado has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective September 1, 2008. Accordingly, WRA follows FASB staff position, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*.

WRA's donor-restricted quasi endowment is subject to UPMIFA and, thus, classifies amounts in its donor-restricted quasi-endowment funds as net assets with donor restrictions because those net assets are time restricted until the board appropriates such amounts for expenditures. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of WRA had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, WRA considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. WRA has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, WRA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of WRA and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of WRA
- The investment policies of WRA

## Notes to Financial Statements

December 31, 2022 and 2021

**Note 12 - Donor-restricted and Board-designated Endowments (Continued)*****Invested Endowment Asset Composition by Type of Fund and Changes in Invested Endowment Assets***

WRA endowment net assets are composed of the following funds as of December 31, 2022:

	Endowment Net Asset Composition by Type of Fund as of December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 500,739	\$ -	\$ 500,739
Donor-restricted quasi-endowment funds	-	289,242	289,242
Total	<u>\$ 500,739</u>	<u>\$ 289,242</u>	<u>\$ 789,981</u>

Changes in endowment net assets for the year ended December 31, 2022 are composed of the following:

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 602,686	\$ 313,361	\$ 916,047
Net investment loss	(101,947)	(24,119)	(126,066)
Endowment net assets - End of year	<u>\$ 500,739</u>	<u>\$ 289,242</u>	<u>\$ 789,981</u>

WRA endowment net assets are composed of the following funds as of December 31, 2021:

	Endowment Net Asset Composition by Type of Fund as of December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 602,686	\$ -	\$ 602,686
Donor-restricted quasi-endowment funds	-	313,361	313,361
Total	<u>\$ 602,686</u>	<u>\$ 313,361</u>	<u>\$ 916,047</u>

Changes in endowment net assets for the year ended December 31, 2021 are composed of the following:

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 522,480	\$ 316,437	\$ 838,917
Net investment return (loss)	80,206	(3,076)	77,130
Endowment net assets - End of year	<u>\$ 602,686</u>	<u>\$ 313,361</u>	<u>\$ 916,047</u>

***Funds with Deficiencies***

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires WRA to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature would be reported in net assets with donor restrictions. There were no such deficiencies at December 31, 2022 and 2021.

December 31, 2022 and 2021

**Note 12 - Donor-restricted and Board-designated Endowments (Continued)**

***Investment Strategy and Return Objectives***

WRA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to produce a long-term rate of return that is, net of spending, greater than the rate of inflation.

**Note 13 - Retirement Plan**

WRA sponsors a 401(k) plan for substantially all employees. The plan provides for WRA to match 100 percent of the first 5 percent of employees' contributions up to 5 percent of the employees' wages. Contributions to the plan totaled \$283,459 and \$257,381 for the years ended December 31, 2022 and 2021, respectively.

**Note 14 - Related Party Transactions**

***Environmental Center of the Rockies***

Environmental Center of the Rockies (ECR) is a supporting organization of WRA. Though ECR shares a common board member, this board member represents a minority of the ECR board, and WRA does not have an economic interest in ECR; therefore, ECR is not consolidated with WRA. WRA has a facility lease with ECR, as described in Note 9.

***WRA Action Fund***

WRA Action Fund (WRA-AF) was formed as a 501(c)(4) organization for the purpose of advancing solutions to climate change and its impact. Though WRA-AF shares a common board member, this board member represents a minority of the WRA-AF board, and WRA does not have an economic interest in WRA-AF; therefore, WRA-AF is not consolidated with WRA.

During April 2022, WRA and WRA-AF entered into an allocation of costs and reimbursement of expenses agreement for the purpose of sharing certain common expenses, primarily personnel, equipment, and facilities costs. As of December 31, 2022, WRA had accounts receivable due from WRA-AF of \$148,496.